

Exhibit E

C O N F I D E N T I A L

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ADV. PRO. NO. 08-01789 (BRL)

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SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,
v.

Rule 2004
Examination of:

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,
Defendant.

SAMIR MATHUR

-----X
In Re:

BERNARD L. MADOFF,

Debtor.
-----X

TRANSCRIPT of testimony as taken by and before
JEANNETTE McCORMICK, Certified Court Reporter, RMR
and Notary Public of the States of New York and New
Jersey, at the offices of Baker & Hostetler, 45
Rockefeller Plaza, New York, New York on Wednesday,
November 3, 2010, commencing at 10:00 a.m.

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11:56:07 1 A. I mean it -- again, as I said, it did
11:56:11 2 not look bad from that perspective. I mean, that's
11:56:21 3 all I can recall at that moment.

11:56:25 4 Q. Are you familiar with the phrase
11:56:28 5 "back-testing"?

11:56:29 6 A. Yes.

11:56:30 7 Q. What do you understand "back-testing"
11:56:32 8 to be?

11:56:34 9 A. It's a very general phrase, but
11:56:37 10 typically used to try to duplicate the behavior of
11:56:44 11 some index.

11:56:45 12 Q. Do you know whether any back-testing
11:56:49 13 was performed by Citi on the Madoff or Sentry
11:56:53 14 strategy before entering into the Auriga
11:56:58 15 transaction?

11:56:58 16 A. No.

11:57:00 17 MR. BOCCUZZI: No, it was not done or
11:57:02 18 no, you don't know?

11:57:04 19 THE WITNESS: It was not done as far
11:57:06 20 as I know within our group.

11:57:10 21 Q. If you turn to page, Mr. Mathur, to
11:57:14 22 page six of this document, which is at Bates stamp
11:57:19 23 137, there is a section in the middle called (c)
11:57:27 24 Split Strike Conversion Investment Approach. Do you
11:57:30 25 see that?

11:57:30 1 A. Yes.

11:57:32 2 Q. What did you understand to be the
11:57:34 3 Split Strike Conversion Investment Approach in 2005?

11:57:39 4 A. I mean this was the first time I had
11:57:44 5 encountered this idea of this particular trade.

11:57:49 6 Q. You had no prior experience or
11:57:56 7 understanding of a trading strategy that was called
11:58:00 8 split strike conversion?

11:58:01 9 A. That is right, I did not.

11:58:03 10 Q. And do you know whether the CMAC
11:58:09 11 Committee was familiar with a trading strategy
11:58:14 12 called split strike conversion to your knowledge?

11:58:18 13 A. When you say "CMAC Committee," it's
11:58:21 14 really a group of several people.

11:58:22 15 Q. Let me ask it this way. Do you
11:58:25 16 recall any discussion with any of the CMAC Committee
11:58:30 17 members concerning the split strike conversion
11:58:38 18 strategy employed by Madoff?

11:58:44 19 A. I mean, I'm sure -- it was probably
11:58:48 20 brought up in the conversations, but you're asking
11:58:51 21 whether any concerns were being expressed? Is that
11:58:54 22 the question?

11:58:54 23 Q. Any concerns or anything significant
11:58:57 24 stick out in your mind relating to the fact that
11:58:59 25 this may or may not have been the first time that

11:59:02 1 the Fast Track committee had seen this strategy
11:59:05 2 being employed? That is what I am asking.

11:59:07 3 A. I don't recall any concern being
11:59:09 4 raised with this strategy.

11:59:13 5 Q. And what did you do or your group do
11:59:16 6 to become familiar with this particular trading
11:59:21 7 strategy, the split strike conversion investment
11:59:24 8 approach?

11:59:28 9 A. I mean, we looked at it. We tried to
11:59:33 10 understand what was being done, but typically we do
11:59:39 11 not try to replicate all the strategies done by the
11:59:44 12 various funds. It's impossible to do that,
11:59:47 13 generally speaking.

11:59:47 14 Q. Why is it impossible to do that?

11:59:49 15 A. When you take any hedge fund and you
11:59:52 16 try to see how they come up with their performance,
11:59:55 17 it's very, very hard to do.

11:59:57 18 Q. You said "we looked at it." Do you
11:59:59 19 know who particularly looked at and evaluated the
12:00:03 20 split strike trading strategy?

12:00:06 21 A. No. What I'm trying to say is we did
12:00:10 22 not do it.

12:00:11 23 Q. You being Citi?

12:00:13 24 A. Our group.

12:00:16 25 MR. BOCCUZZI: The trading group?

12:00:18 1 THE WITNESS: The trading group.

12:00:19 2 Q. Would any other part of Citi been
12:00:22 3 looking at or trying to analyze the Madoff split
12:00:25 4 strike trading strategy for purposes of supporting
12:00:30 5 your trade?

12:00:31 6 A. For supporting our trade, no.

12:00:34 7 Q. Fair enough. Can you tell us a
12:00:45 8 little bit about the process of gathering the
12:00:50 9 information that's included in this memorandum for
12:00:53 10 presentation to the Fast Track CMAC Committee? What
12:00:59 11 happened, what materials were looked at if you
12:01:02 12 recall, if you know?

12:01:07 13 A. I don't remember specifically. It's
12:01:09 14 been a long time. But I remember we had met with
12:01:14 15 Fairfield once. And some of the information may
12:01:17 16 have come from that discussion and our subsequent
12:01:21 17 e-mails, and as I said, this was put together mostly
12:01:30 18 by the structuring group.

12:01:32 19 MR. BOCCUZZI: "This" being the memo?

12:01:33 20 A. This being the memo.

12:01:36 21 Q. Do you know whether the Global Hybrid
12:01:42 22 Group relied entirely or mostly or not at all on
12:01:49 23 information that was given to them by Fairfield
12:01:54 24 Sentry?

12:01:54 25 A. For putting this memo together?

12:02:01 1 Q. Yes.

12:02:05 2 MR. BOCCUZZI: If you know.

12:02:06 3 THE WITNESS: I mean, some of the
12:02:08 4 information did come from them. So that's all I
12:02:12 5 know.

12:02:12 6 Q. Do you know whether information came
12:02:14 7 from other sources?

12:02:15 8 A. I don't know.

12:02:18 9 Q. Do you know what, if anything, Citi
12:02:23 10 did -- do you know what, if anything, Citi did in
12:02:36 11 terms of its own independent analysis of Fairfield
12:02:42 12 Sentry or Madoff before approving the Auriga
12:02:46 13 Fairfield trade?

12:02:53 14 A. I mean, we had a meeting with
12:02:56 15 Fairfield Sentry where we asked them about the
12:03:02 16 strategy, how familiar were they, how did it work,
12:03:12 17 who were the service providers. We tried to get
12:03:18 18 some background information about Madoff, Bernie
12:03:24 19 Madoff -- get some background information on Bernie
12:03:27 20 Madoff.

12:03:27 21 Q. Let's start with the meeting with
12:03:30 22 Sentry. Was there one or more meetings with Sentry
12:03:34 23 before this transaction was approved?

12:03:36 24 A. I recall one where I was involved.

12:03:38 25 Q. And how were you involved?

12:03:41 1 A. I had gone there along with a few
12:03:44 2 other members of the control areas.

12:03:49 3 Q. And who from the control areas
12:03:54 4 participated in this meeting?

12:03:57 5 A. I don't particularly recall.

12:04:00 6 Q. Who suggested that there be a meeting
12:04:04 7 with Fairfield Sentry?

12:04:07 8 A. Again, before we would do any fund
12:04:11 9 trade we would always have a meeting with the fund
12:04:17 10 investment manager.

12:04:19 11 Q. Was Fairfield Sentry the investment
12:04:23 12 manager?

12:04:23 13 A. Yes. Fairfield Greenwich was the
12:04:28 14 investment manager.

12:04:31 15 Q. What did you understand to be the
12:04:34 16 role of BLMIS in terms of its relationship with
12:04:39 17 Fairfield Sentry?

12:04:42 18 A. Okay. I mean, the way at that time I
12:04:59 19 knew it was a -- Bernie Madoff was managing this
12:05:05 20 split strike trade for -- in this managed account
12:05:14 21 owned by Fairfield Sentry fund.

12:05:19 22 Q. Did you or anyone from your group
12:05:26 23 propose meeting with Madoff or anyone at BLMIS
12:05:33 24 before approving this transaction?

12:05:35 25 A. Yes.

12:05:35 1 Q. What do you recall about that?

12:05:38 2 A. We asked and they said that it's
12:05:40 3 generally hard to do that.

12:05:43 4 Q. Who asked whom in terms of meeting
12:05:48 5 with Mr. Madoff or someone from BLMIS?

12:05:52 6 A. I don't particularly recall who
12:05:56 7 asked, but someone from our team asked them if he
12:06:01 8 could meet with -- if our team could meet with
12:06:04 9 Bernie Madoff.

12:06:06 10 Q. Are you saying that someone from Citi
12:06:08 11 asked someone from Fairfield?

12:06:10 12 A. Yes.

12:06:11 13 Q. And what do you recall being told in
12:06:17 14 terms of Citi's ability to meet with Madoff or
12:06:22 15 someone from BLMIS?

12:06:24 16 A. I mean, what I can recall is that
12:06:28 17 they said that he's a very busy guy. It's hard to
12:06:34 18 meet with him. And it's difficult to set up
12:06:39 19 something in a short amount of time.

12:06:42 20 Q. Was it significant to you or to
12:06:45 21 anyone in your group that you are aware of that it
12:06:53 22 did not appear possible to meet with Mr. Madoff
12:06:56 23 prior to approving this transaction?

12:06:58 24 MR. BOCCUZZI: Just so we don't get
12:07:00 25 blurred up, can you start with him and then ask the

12:07:03 1 second question.

12:07:05 2 Q. That is fine. Was it significant to
12:07:07 3 you that there did not seem to be the possibility of
12:07:09 4 meeting with Mr. Madoff or any anyone from BLMIS
12:07:13 5 before this trade was presented by your group for
12:07:16 6 approval by the CMAC Committee?

12:07:19 7 A. I mean, it was not a show-stopper at
12:07:26 8 that time, but we were -- I was disappointed.

12:07:37 9 Q. Why were you disappointed?

12:07:40 10 A. I mean, the more we could find out
12:07:43 11 more directly it's better, but in many of the
12:07:47 12 similar trades of fund of funds, you know, sometimes
12:07:50 13 we can and sometimes we cannot meet the managers.

12:07:56 14 Q. And to be clear, was it your
12:07:59 15 understanding that Citi could not meet with
12:08:02 16 Mr. Madoff or anyone from BLMIS, if you recall?

12:08:10 17 A. I don't recall that distinction.

12:08:18 18 Q. How long was your meeting with
12:08:22 19 Fairfield Greenwich representatives that you
12:08:29 20 referred to earlier?

12:08:31 21 A. I mean, I don't recall great details
12:08:36 22 about, but these meetings typically lasted one to
12:08:39 23 two hours.

12:08:40 24 Q. You mentioned you attended that
12:08:42 25 meetings with some of your control area colleagues.

12:22:58 1 generated profits in terms of his use of the split
12:23:07 2 strike conversion strategy?

12:23:12 3 A. My general understanding was that he
12:23:17 4 had some process by which he arrives at this basket
12:23:20 5 of stocks. He was a big broker-dealer so he
12:23:28 6 presumably saw the flow in the markets and
12:23:39 7 presumably that gave him some edge.

12:23:43 8 Q. Is that an understanding that you
12:23:45 9 developed before the Auriga transaction was
12:23:49 10 approved?

12:23:50 11 A. That was my understanding how he was
12:23:53 12 doing it.

12:23:57 13 Q. Were the options contracts that were
12:24:00 14 purchased and sold to your understanding used for
12:24:06 15 profit generation or hedging?

12:24:15 16 A. My understanding was they were mostly
12:24:18 17 used for hedging, but he would put them on at
12:24:22 18 appropriate times to maximize the return of the
12:24:25 19 strategy.

12:24:31 20 Q. And prior to your approval of the
12:24:35 21 Auriga transaction, what, if any, understanding did
12:24:42 22 you have about where BLMIS was trading options?

12:24:55 23 A. As part of this process, what I was
12:25:00 24 told is that they trade over-the-counter.

12:25:04 25 Q. And who did you understand to be the

12:25:08 1 counterparties to these over-the-counter traded S&P
12:25:14 2 100 Index options?
12:25:16 3 A. I mean, I remember asking that
12:25:18 4 question, and the answer was that they are, you
12:25:24 5 know, highly rated banks.
12:25:27 6 Q. Do you recall pressing further and
12:25:30 7 asking for the identity of these counterparties to
12:25:35 8 the over-the-counter S&P 100 Index options Madoff
12:25:42 9 purported to be trading?
12:25:44 10 A. Yes. We asked a couple of times like
12:25:48 11 who are the option providers.
12:25:49 12 Q. And who did you ask?
12:25:50 13 A. Fairfield Sentry.
12:25:52 14 Q. And what did they tell you?
12:25:55 15 A. They said that Bernie does not want
12:25:58 16 to disclose.
12:26:00 17 Q. And how did you or your group react
12:26:02 18 to that?
12:26:03 19 A. I mean, it was not unusual.
12:26:11 20 Typically, hedge funds are, in general, quite
12:26:16 21 secretive. They don't like to tell who the
12:26:18 22 counterparties are. They are already concerned that
12:26:21 23 somebody might be piggybacking on their activity.
12:26:25 24 So they are pretty secretive. So it was not
12:26:29 25 surprising.

12:26:29 1 Q. Do you know whether it was disclosed
12:26:33 2 to the GMAC Committee -- do you know whether it was
12:26:43 3 disclosed to the CMAC Committee or senior management
12:26:46 4 at Citi that Madoff refused to identify the options
12:26:51 5 counterparties?

12:26:52 6 A. I don't particularly recall
12:26:54 7 discussing it at CMAC, but I -- we did discuss about
12:27:01 8 this with our controls and market risk and credit
12:27:05 9 risk.

12:27:09 10 Q. And what were those discussions?

12:27:11 11 A. Just that this is something that we
12:27:14 12 are not getting information about.

12:27:19 13 Q. And how did market risk or credit
12:27:25 14 respond to being informed that Madoff would not
12:27:28 15 disclose his options counterparties?

12:27:32 16 A. What I recall is that nobody was very
12:27:38 17 satisfied with that, but at the same time people
12:27:41 18 understood that many hedge funds will not disclose
12:27:47 19 this information.

12:27:52 20 Q. Did you understand BLMIS to be a
12:27:54 21 hedge fund?

12:27:56 22 A. With this transaction, it became
12:28:02 23 clearer that that's the role they were performing
12:28:05 24 for this part of the business.

12:28:08 25 Q. You understood that Madoff on the

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12:28:13 1 investment advisory side was essentially acting like
12:28:17 2 a hedge fund?

12:28:18 3 A. Yes.

12:28:20 4 Q. Did you draw any distinction between
12:28:25 5 the advisory business at BLMIS being described as
12:28:30 6 managed accounts versus a hedge fund?

12:28:39 7 A. Not really, because a lot of the
12:28:42 8 hedge funds do manage money in the form of managed
12:28:46 9 accounts. It's not unique to BLMIS.

12:28:51 10 Q. You said you recall that no one was
12:28:54 11 particularly satisfied with not being told the
12:28:58 12 identities of the options counterparties. What, if
12:29:03 13 anything else, did you do to attempt to identify the
12:29:09 14 options counterparties?

12:29:13 15 A. I mean, there is little that I
12:29:15 16 personally could have done on that. I mean, I just
12:29:18 17 can't pick up the phone to everyone on the street
12:29:22 18 asking about this. Nobody would respond and nobody
12:29:26 19 would reveal this kind of information. So --

12:29:29 20 Q. Fair enough. Do you recall picking
12:29:31 21 up the phone and asking any of the options desks at
12:29:36 22 Citi whether they were trading S&P 100 options
12:29:40 23 over-the-counter with Madoff or whether they were
12:29:43 24 aware of any Madoff OTC S&P 100 Index options
12:29:51 25 activity?

12:29:53 1 A. At some point I do recall a
12:29:55 2 discussion with them. I don't particularly remember
12:30:01 3 the timing of it when exactly, but they said they
12:30:05 4 have not seen -- they have not been counterparties
12:30:10 5 to these kind of options, and they did not know of
12:30:15 6 anybody else who would be the counterparties for
12:30:18 7 these kind of options.

12:30:19 8 Q. And to the best of your recollection,
12:30:21 9 Mr. Mathur, with whom within Citi did you have such
12:30:26 10 a conversation?

12:30:27 11 A. That I don't recall. It could have
12:30:33 12 been somebody on the equity trading desk.

12:30:40 13 Q. Did you have a sense of how big
12:30:44 14 Citi's equity options trading desk was in the 2005
12:30:51 15 to 2008 time period? Put bluntly, were they a big
12:31:00 16 player?

12:31:01 17 A. No.

12:31:06 18 Q. Why do you say that?

12:31:08 19 A. I mean, if you would typically ask
12:31:13 20 reputationally like, you know, who the big equity
12:31:17 21 players are, Citi was not one of them.

12:31:19 22 Q. Who were they?

12:31:20 23 A. I mean --

12:31:21 24 Q. To the best of your knowledge?

12:31:23 25 A. I would have said somebody like

12:31:26 1 Goldman, something like Societe Generale.

12:31:35 2 Q. In your discussions about the
12:31:39 3 identity of the options counterparties, did anyone
12:31:43 4 ever suggest contacting some of the other financial
12:31:48 5 institutions to inquire whether they were trading
12:31:51 6 options with BLMIS?

12:31:55 7 A. I don't recall, but I mean my
12:32:01 8 understanding was that it was not practical to just
12:32:05 9 pick up the phone to Societe Generale and ask them
12:32:10 10 are you trading. They would not reveal this kind of
12:32:12 11 information, which would be competitive information
12:32:17 12 for them.

12:32:17 13 Q. When you were having your discussions
12:32:20 14 with Sentry leading up to approving this
12:32:25 15 transaction, what, if anything, did you understand
12:32:33 16 about who were the actual parties to the OTC options
12:32:41 17 contracts? I'm not asking about the identities.
12:32:44 18 I'm asking, did you understand that Sentry was a
12:32:50 19 principal or that BLMIS was acting as a principal or
12:32:56 20 an agent of -- I'm trying to understand that.
12:33:03 21 Another way of asking you is, who did you understand
12:33:06 22 bore the counterparty risk in the options trading?

12:33:20 23 MR. BOCCUZZI: If you recall having
12:33:21 24 that understanding.

12:33:22 25 THE WITNESS: I don't recall. I

12:33:25 1 mean, general understanding would be that the fund
12:33:29 2 would be the counterparty for these options.

12:33:35 3 Q. So would the fund have the risk
12:33:38 4 associated with the OTC contracts?

12:33:42 5 A. I mean, I don't really recall much on
12:33:56 6 that particular issue.

12:33:58 7 Q. Did anyone in your group, the Global
12:34:07 8 Hybrid Group, do any analysis on whether options had
12:34:17 9 been exercised against Sentry historically?

12:34:27 10 A. Let me -- just to clarify. Are you
12:34:32 11 asking whether Sentry was a counterparty, is that
12:34:34 12 the question?

12:34:35 13 Q. I will ask it more generally. We
12:34:37 14 have talked about options, and we have talked about
12:34:40 15 options being part of the strategy being employed by
12:34:43 16 Madoff in this split strike conversion. What, if
12:34:47 17 any, analysis did Citi's hybrid group do in terms of
12:34:54 18 looking at the options trading before the Auriga
12:34:58 19 transaction was approved?

12:35:01 20 A. If you're asking whether we are
12:35:07 21 trying to replicate the strategy and how it could
12:35:10 22 have worked, is that the question?

12:35:12 23 Q. That is part of it. I am asking a
12:35:14 24 very broad question. I am asking did anyone look at
12:35:17 25 the cost of it? Did anyone look at how often the

12:35:22 1 strike seemed to be exercised, anything like that?
12:35:25 2 I am just trying to get a sense, if you know, what
12:35:27 3 Citi did in terms of looking at, understanding the
12:35:31 4 options trading historically that had happened with
12:35:35 5 Sentry?

12:35:36 6 MR. BOCCUZZI: Prior to the
12:35:37 7 investment, did anyone on your team look at the
12:35:39 8 options trading strategy?

12:35:41 9 THE WITNESS: I mean, basically, we
12:35:46 10 asked these kind of general questions of Fairfield
12:35:52 11 Sentry, like what did they understand of the
12:35:53 12 strategy and the options, and how did it work. And
12:36:03 13 most of our understanding is based upon what they
12:36:07 14 told us, which is, you know, that they would --
12:36:17 15 Bernie Madoff would accumulate the stocks, would
12:36:21 16 write options around it. That was our
12:36:24 17 understanding.

12:36:26 18 Q. Okay. You said earlier that one of
12:36:31 19 the things that you understood was that Madoff was a
12:36:38 20 big market-maker and presumably would see the flow
12:36:43 21 in the markets. What did you understand by a "flow
12:36:46 22 in the markets"?

12:36:47 23 A. I mean, they would see -- presumably
12:36:52 24 see, you know, who was buying or selling shares in
12:36:56 25 large numbers.

02:29:19 1 strike you as a concern?

02:29:26 2 A. Not really.

02:29:28 3 Q. So -- okay. We've talked about a
02:29:35 4 number of things that you identified or your group
02:29:40 5 identified during the course of looking at Madoff,
02:29:43 6 and I believe we've talked about that the options
02:29:48 7 parties were unidentified. Do you agree with that?

02:29:52 8 A. Yes.

02:29:52 9 Q. And we've talked about not being able
02:30:00 10 to have discussions with the auditors. Do you agree
02:30:05 11 with that?

02:30:06 12 MR. BOCCUZZI: That we talked about
02:30:07 13 it? That is a confusing question.

02:30:10 14 Q. I guess my question to you is, in the
02:30:12 15 aggregate of all the different things that you came
02:30:16 16 to learn or were told about Madoff or BLMIS, in the
02:30:21 17 aggregate, did they ever cause you to question
02:30:25 18 whether this was a good trade or not?

02:30:28 19 A. Not really because if we had done
02:30:32 20 that. Then we would have not entered into the trade
02:30:36 21 or unwound it.

02:30:44 22 Q. Before December 10, 2008, did anyone
02:30:48 23 at Citi ever express to you any concern or
02:30:53 24 hesitation about being exposed to Madoff?

02:31:04 25 A. I mean, there were some questions

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02:31:11 1 from our market risk people about, you know, who are
02:31:19 2 the counterparties, and that was one of the
02:31:24 3 questions they were asking. So that was a concern,
02:31:29 4 and they wanted to get a better sense about it. But
02:31:34 5 the fact that we couldn't get to the counterparties
02:31:40 6 was not a show-stopper because it was expected that
02:31:44 7 in many other cases this would have been the same
02:31:47 8 situation, you know, we would not get to know the
02:31:50 9 counterparties.

02:31:54 10 Q. Other than issues revolving around
02:32:01 11 options counterparties, did anyone else ever discuss
02:32:04 12 with you any concerns or hesitations they had about
02:32:09 13 BLMIS before December 10, 2008 unrelated to options?

02:32:13 14 A. No.

02:32:14 15 Q. And who are these market risk people
02:32:17 16 that you mentioned that --

02:32:20 17 A. I mean the primary person we
02:32:23 18 interacted with is Ramesh Gupta and Jean Louis
02:32:31 19 Lafforge.

02:32:31 20 Q. Can you spell that?

02:32:32 21 A. J-E-A-N, L-O-U-I-S, L-A-F-F-O-R-G-E.

02:32:47 22 Q. And did the market risk people
02:32:49 23 express their concerns about the options aspect of
02:32:54 24 the strategy before or after the Auriga trade was
02:33:04 25 done?

02:33:04 1 A. I don't recall the timing, but this
02:33:07 2 was one of the questions that was brought up.

02:33:10 3 Q. And was there any resolution to the
02:33:12 4 issue of the options counterparties?

02:33:16 5 A. We, again, asked Fairfield, and we
02:33:21 6 tried to press them more on this question who are
02:33:26 7 the counterparties. And I do recall they had at one
02:33:30 8 time given us a couple of names. They said
02:33:34 9 potentially they had heard that Merrill and Deutsche
02:33:37 10 were the counterparties for some of the options.

02:33:41 11 Q. And what steps, if anything, did Citi
02:33:43 12 take to verify that Merrill or Deutsche Bank might
02:33:46 13 be the options counterparties trading with Sentry?

02:33:51 14 A. There was very little we could do.
02:33:53 15 It's not that we could pick up a phone and call
02:33:57 16 somebody there and ask do you trade with the
02:33:58 17 counterparty. If someone called us, we would not
02:34:02 18 say if we are dealing with a particular
02:34:04 19 counterparty.

02:34:07 20 Q. In your experience as a trader, do
02:34:12 21 desks of different financial institutions talk to
02:34:15 22 one another?

02:34:16 23 A. There is some interaction, yes.

02:34:18 24 Q. And is it typical or unusual for
02:34:23 25 desks at different financial institutions to

04:06:21 1 checking with him.

04:06:22 2 Q. Did this information exchange in
04:06:26 3 September of 2003 lead to a transaction that was
04:06:30 4 completed by Citi involving Tremont?

04:06:35 5 A. No.

04:06:39 6 Q. Why is that, if you know?

04:06:42 7 A. I don't recall why, but probably we
04:06:46 8 did not agree on some terms.

04:06:49 9 Q. I take it you were basically running
04:06:53 10 by your summary of points to make with respect to
04:06:59 11 American Masters fund by the Tremont folk. Do you
04:07:03 12 know who you were going to send this information to?

04:07:21 13 A. I don't remember who this was being
04:07:36 14 sent to.

04:07:36 15 Q. Do you recall whether this inquiry
04:07:39 16 was in respect of a direct or a synthetic
04:07:43 17 investment?

04:07:47 18 A. I think we were trying to put
04:07:51 19 together a principal protected note on these funds.
04:07:56 20 So it was not a leverage facility like the other
04:08:00 21 one.

04:08:20 22 Q. What role, if any, did you play in
04:08:26 23 connection with the Citibank loan that was made to a
04:08:33 24 Tremont fund in 2005 for approximately 300 million
04:08:40 25 dollars?

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04:08:40 1 A. In that one, we had no role -- I had
04:08:46 2 no role.

04:08:47 3 Q. Did your group have any role in that
04:08:50 4 300 million dollar loan in 2005?

04:08:53 5 A. No.

04:08:56 6 Q. While your group was evaluating the
04:09:02 7 Auriga transaction in 2005, were you aware that
04:09:11 8 another part of Citibank was discussing entering
04:09:16 9 into a 300 million dollar loan for another Madoff
04:09:21 10 feeder fund?

04:09:22 11 A. No.

04:09:24 12 Q. Why is that?

04:09:28 13 A. I mean, if I would have known, I
04:09:31 14 would have been quite annoyed why some other group
04:09:38 15 is doing similar business.

04:09:41 16 Q. When did you first become aware that
04:09:44 17 a Citibank group or entity had made a 300 million
04:09:52 18 dollar loan to a Tremont fund?

04:09:55 19 A. I don't particularly recall the time,
04:10:04 20 but at some time later on I got to know that this
04:10:08 21 had been done.

04:10:09 22 Q. And what were the circumstances
04:10:11 23 pursuant to which you got to know that this had been
04:10:15 24 done?

04:10:16 25 A. Are you asking me how did I learn

04:10:20 1 about it?

04:10:20 2 Q. Sure.

04:10:21 3 A. I don't recall. Somebody must have
04:10:23 4 mentioned it.

04:10:24 5 Q. What was your reaction to learning
04:10:27 6 about the leverage that had been provided by some
04:10:31 7 other Citi group or entity?

04:10:36 8 A. I mentioned I was not happy to hear
04:10:39 9 that somebody else was doing it.

04:10:43 10 Q. So what did you do once you learned
04:10:46 11 about the transaction, if anything?

04:10:50 12 A. Not much I could do.

04:10:55 13 Q. Did you think to ask the person or
04:11:02 14 persons responsible for that loan whether they had
04:11:06 15 answers to some of the questions that you and your
04:11:10 16 group had regarding Madoff and Madoff feeder fund
04:11:17 17 issues?

04:11:28 18 A. The group that was doing it was
04:11:30 19 somewhat of a rival to our group. So we did not
04:11:33 20 have that kind of a relationship on my side.

04:11:36 21 Q. And who was the head of the group
04:11:38 22 that was the rival lending unit?

04:11:45 23 A. I mean, the person that I eventually
04:11:48 24 got to know about was Matt Nichols.

04:11:52 25 Q. Matt Nichols?

04:11:53 1 A. Yes.

04:12:01 2 Q. And why did you review -- strike

04:12:04 3 that.

04:12:04 4 And why did you view that group headed by

04:12:09 5 Mr. Nichols as a rival unit in terms of business

04:12:18 6 opportunities?

04:12:20 7 A. Because they were doing very similar

04:12:23 8 trades.

04:12:24 9 Q. Were they doing any synthetic trades

04:12:27 10 as far as you know? Strike that.

04:12:29 11 Were they doing any swaps?

04:12:31 12 A. I don't think so.

04:12:33 13 Q. And just so the record is clear, what

04:12:38 14 was this group? Did it have a name?

04:12:41 15 A. They were part of our corporate

04:12:44 16 banking.

04:12:47 17 Q. They were within the Citibank entity

04:12:52 18 or a Citigroup entity?

04:12:54 19 A. Yes.

04:12:55 20 MR. BOCCUZZI: Do you know?

04:12:56 21 Q. Do you know?

04:12:57 22 A. Yes. They were part of Citigroup.

04:13:00 23 MR. BOCCUZZI: He started to say were

04:13:02 24 they in Citibank, then the question is do you

04:13:04 25 know where they --

04:13:04 1 Q. Let me ask it this way. If I
04:13:07 2 understand it correctly, you were always and always
04:13:08 3 have been within the Citibank entity?
04:13:11 4 A. Yes.
04:13:11 5 Q. Were they, that group, also a unit of
04:13:18 6 Citibank?
04:13:20 7 A. Citigroup, yes.
04:13:22 8 Q. Citigroup?
04:13:23 9 A. And I was also part of Citigroup, not
04:13:29 10 always the bank.
04:13:40 11 Q. So I think I asked you, but I am not
04:13:43 12 sure I got an answer. Once you found out that
04:13:50 13 Mr. Nichols had made the 300 million dollar loan to
04:13:59 14 another Madoff feeder fund, did you take any steps
04:14:04 15 to have any communications with him or his group
04:14:10 16 about Madoff feeder funds in general?
04:14:14 17 A. I don't recall having any discussions
04:14:18 18 with him on this part.
04:14:20 19 Q. Did you instruct anyone working for
04:14:23 20 you to, in words or substance, go learn as much as
04:14:27 21 you can about that transaction and whatever
04:14:31 22 Mr. Nichols had done with respect to Tremont?
04:14:37 23 A. I don't recall asking anybody to do
04:14:40 24 that.
04:14:41 25 Q. And did you always regard that group

04:14:48 1 as a rival in terms of business opportunities or did
04:14:53 2 that manifest itself at some particular point in
04:14:58 3 time?

04:14:58 4 A. At that particular point when I
04:15:00 5 learned about the trade about this particular group
04:15:02 6 had done it, I was somewhat surprised that why would
04:15:06 7 they do that. And later on, actually, we cooperated
04:15:14 8 and we did some other trades together, but at that
04:15:18 9 particular time I was somewhat disappointed.

04:15:22 10 Q. And was this the first time you had
04:15:25 11 discovered that that group was playing in your
04:15:31 12 space, to speak?

04:15:33 13 A. Yes, I think -- yes.

04:15:38 14 Q. And you mentioned that later on your
04:15:42 15 group cooperated with that group on one or more
04:15:46 16 trades. Were any of those trades Madoff-related?

04:15:50 17 A. Yes. I believe they were asking us
04:15:53 18 to take a look at the Tremont trade. I mean, they
04:15:57 19 were asking us to see if we could take -- I am not
04:16:06 20 now sure whether it was their facility or the
04:16:10 21 inquiry came from them. That we could offer
04:16:19 22 leverage to Tremont.

04:16:20 23 Q. Just to expedite things, did there
04:16:23 24 come a time when that group or Mr. Nichols came to
04:16:29 25 you and said, in words or substance, that Tremont

04:16:34 1 was interested in a leveraged transaction,
04:16:39 2 potentially a swap transaction on a Madoff feeder
04:16:43 3 fund and would you be interested in working with
04:16:46 4 them on it?

04:16:48 5 A. Yes.

04:16:48 6 Q. And who brought that to your
04:16:51 7 attention?

04:16:53 8 A. Who brought the Tremont trade to my
04:17:00 9 attention?

04:17:01 10 Q. Yes.

04:17:05 11 A. I don't particularly recall whether
04:17:09 12 it was Matt himself or somebody else brought that to
04:17:11 13 my attention.

04:17:11 14 Q. And what was your reaction?

04:17:15 15 A. I said we will take a look.

04:17:18 16 Q. Was this some time after you learned
04:17:21 17 about the 300 million dollar loan?

04:17:25 18 A. Yes.

04:17:27 19 Q. Was it at or about the same time or
04:17:30 20 some time thereafter?

04:17:33 21 A. I didn't know precisely the time at
04:17:36 22 which they had put on the loan. So I can't really
04:17:41 23 say then when they brought this inquiry to us, but I
04:17:49 24 do remember this came after the Fairfield trade.

04:17:54 25 Q. And is it your understanding that